

Chapter 2

“The On Demand Business”

Chapter Objectives

- Learn the meaning of value proposition
- Learn to innovate the business to differentiate and capture value
- Understand how to be more productive by making better use of resources
- Learn the ten things you need to know about On Demand Business
- Understand the journey to becoming an On Demand Business
- Learn how to find the On Demand Business opportunity
- Know the next three steps to becoming an On Demand Business

- Two strategic imperatives businesses try to reach are:
 1. Innovate the business to differentiated value and capture new value
 2. Make better use of resources to be more productive
- IBM has:
 - The end-to-end insight and experience necessary to help clients anticipate and navigate the issues (regardless of entry point)
 - A track record of applying end-to-end business and technology experience and expertise to solve clients' needs in the context of their industry
 - Superior offerings designed to meet the requirements of the On Demand Business world

Value Proposition

- Clients want a partner who can fuse the lenses of their business model, business processes, and technology into one informed view of what it takes to enable a company to compete more effectively in the On Demand Business world.
- IBM and IBM Business Partners industry-specific experience in combining business process knowledge and technology.
- IBM and IBM Business Partners focus on the needs of your business to build a customized roadmap.
- The roadmap starts at a point that is right for you and provides immediate return and long-term value to help develop an On Demand Business.

Promise of value...



Client wants and needs...



How do clients get there (multiple entry points)?



Leadership capabilities...



Innovating the Business to Differentiate and Capture New Value

- Organizations need a partner who:
 - Can help them deliver new business value and growth in the market through product innovation or more personalized client service.
 - Can help transform business processes.
- Organizations must be able to anticipate, rapidly respond, and always be available.
- IBM helps organizations become more on demand by integrating processes and business behavior horizontally to respond more quickly to market changes.
- The demand-driven supply network is becoming a reality.

Making Better Use of Resources to be More Productive

- Organizations want to generate additional opportunity from the resources they already have.
- Organizations want to reduce operating costs.
- IBM solutions for On Demand Business help organizations to focus on their core competencies.

Ten Things You Need to Know About On Demand Business

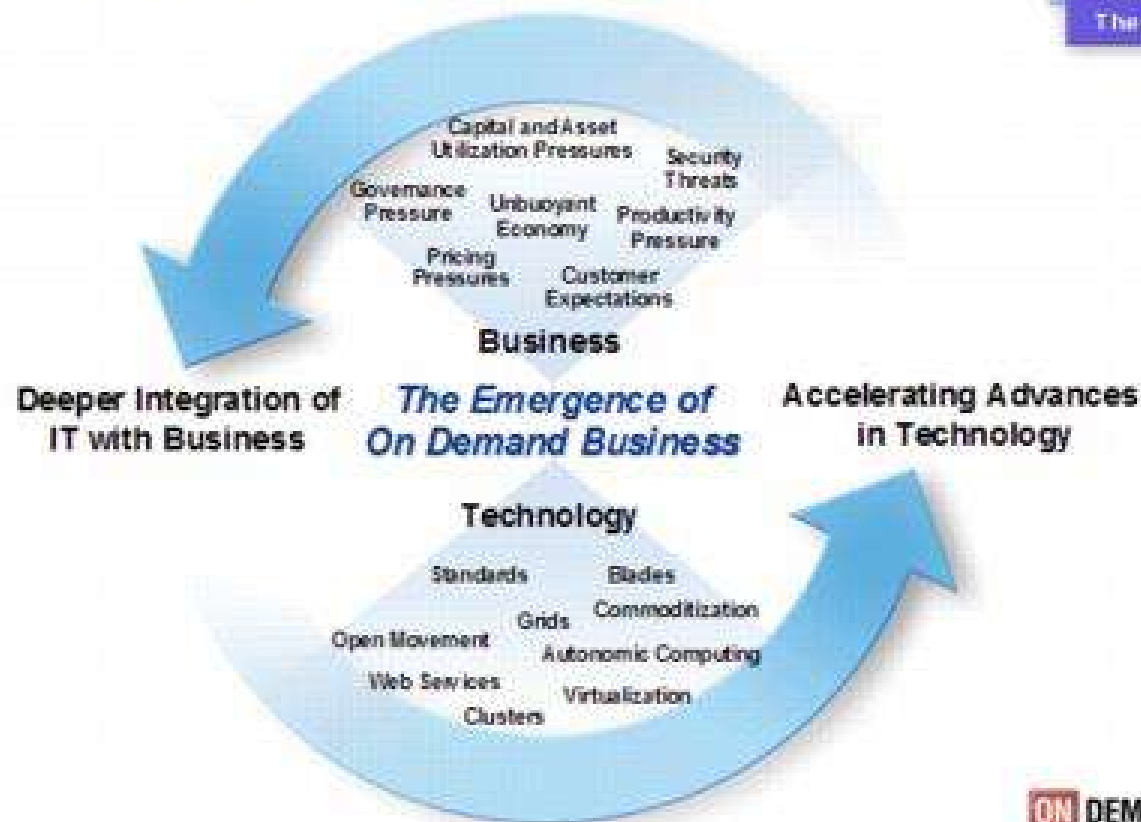
- On Demand Business is about opening up opportunities for IBM, IBM Business Partners, and clients.
- When approaching On Demand Business, there are four categories to considered:
 1. What's going on in the market and how it relates to clients' needs
 2. The clients' needs and visions and how can IBM help to achieve them
 3. How IBM is preparing to sell this value-generating idea to clients and to use it internally to create value
 4. The steps you need to take to prepare for selling this great opportunity and how it relates to the overall solutions initiative

- On Demand Business horizontally integrates an enterprise's business model and business design. The infrastructure will need to be simpler, more autonomic, and more cost effective. Clients will insist on different ways to access, manage, and buy technology.
- Connect with your client IT executives.
- Selling On Demand Business is a challenge because it is a change in perspective.
- While each client is different, 10 key investment areas have emerged as primary client needs in the world of On Demand Business.

The Market

- What's the difference between on demand and On Demand Business?
 - On demand helps clients solve IT problems, but is not a differentiator anymore, so the focus goes to On Demand Business.
 - IBM CEO Sam Palmisano defines On Demand Business as, “An enterprise whose business processes – integrate end-to-end across the company and with key partners, suppliers, and clients – can respond with flexibility and speed to any client demand, market opportunity, or threat.”
 - On Demand Business is client driven. It responds to competitive challenges facing clients.
- What's happening in the marketplace to make On Demand Business such a hot opportunity?
 - The business climate is changing due to advances in technology, IT no longer being a back-room operation, and increasing volatility in all areas.
 - Companies must be able to respond faster and more accurately.

Here's What's Driving All of This



The Client

- What does On Demand Business mean for my business?
 - It permits clients to innovate in order to differentiate themselves from their competitors.
 - It delivers greater value to their customers.
- What does an On Demand Business look like?
 - More competitive
 - Can respond fast to external/internal conditions
 - Focus on what they do best to beat competition
 - Fixed financial commitments become variable to be more flexible
 - Can react quickly to market conditions
- Can you demonstrate that On Demand Business is real?
 - Over 500 client examples from 21 industries around the world
 - IBM Customer Reference Database

IBM

- What sets IBM apart? What's your competitive differentiation story?
 - IBM has moved from the what of On Demand Business to the how of On Demand Business.
 - IBM is virtually the only organization with a combination of deep industry and business process expertise and IT capability.
- What can you sell me today?
 - All areas of IBM have an On Demand Business focus. IBM has the roadmap to help their clients achieve their goals for On Demand Business.

Where you start depends on YOUR organization's priorities.



- Increasing flexibility is the key—business models, processes, infrastructure, plus financing and delivery

You

- How can I help my client become an On Demand Business?
 - Engage your client with multiple projects since there are many steps to becoming an On Demand Business. Paint the vision.
- Who in IBM do I engage to help me sell what a client needs to become an On Demand Business?
 - There is no room for single minded thinking, therefore you need to build a value network of partners and be able to use it successfully to help clients.
- Where do I go to get started and how do I stay informed?
 - A good starting point and information source:
<http://www.ibm.com/e-business/ondemand/us/index.html>

The Journey to On Demand Business

- Access stage: investment decisions tend to be driven independently, by either line-of-business or IT people.
- Enterprise Integration stage: the focus switches from stand-alone processes and applications to value chains that cross departmental lines and organization boundaries.
 - Duplicate functions become integrated.
 - Triggers the need for a cultural shift driven from the top down.
 - Companies are fusing the passionate pursuit of business leadership with a disciplined, evolutionary approach to IT infrastructure optimization to help remake themselves.
 - A team of business and IT leaders need to work together to establish the business priorities and align the IT strategy to deliver.

- Defining your client's business priorities, breaking them into processes, and developing an understanding of your existing asset base helps to achieve the transformation into an On Demand Business.
- Here are some examples of questions to ask your client:
 - Where does the data reside?
 - Who has access to the data?
 - Who needs to have access to the data?
 - What are the key resources?
 - How do data and transactions flow today?
 - What are the needs of the people inside the organization and in the supplier network?
 - What systems and processes are in place today?
- You can establish a baseline by having a solid understanding of the organization's core assets, capabilities, and needs.

Finding the On Demand Business Opportunity

- Most businesses prefer to proceed incrementally.
- You should recognize where your clients want to go by referencing the On Demand Business approach chart.

Continuing with the Next Steps

- Work with your client to determine where they are in their approach.
- Establish the On Demand Business focus for your client's organization.
- Work with your client to seek partners that can help speed them along the way.

What You Have Learned

- The meaning of value proposition
- How to innovate the business to differentiate and capture value
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